



## Expert Q&A with Mike Rogers, Global Deputy Private Equity Leader at EY

### Can you describe the range of services EY provides to private equity firms investing in the emerging markets?

**Rogers:** The hunt for higher returns continues. On a global basis, all private equity funds are diversifying along different service lines, capabilities, and geographies.

They're looking into the emerging markets more seriously. The focus used to largely be on China. Now they're thinking: *What's our Latin American strategy? What's our African strategy? And do we need to be in India?* Then they realize there are private equity funds that have already been there for a long time.

Many of the larger, name-brand funds that operate very successfully in the Americas and Europe suddenly find themselves playing catch-up in the emerging markets.

Once the funds recruit a team and seek transactions in the new geography, they instantly want their service providers to follow them and remain by their side in every deal they do. EY positions itself to meet the needs of our clients as they expand around the globe.

Clients expect our work to be on par with what they get in New York, Hong Kong or London. We handle issues in transactions and transaction support, the diligence process, and tax structuring. Tax work becomes critical because of very complex jurisdictions. The diligence of financials goes hand in hand with tax work. We're also engaged in valuation work and human-capital decisions. Once they make successful investments, they seek other traditional services, such as audits.

### How does competition drive the need to expand into new global markets?

**Rogers:** Once one of the bigger firms learns that a competitor is charting new territory, it's not very long before someone from the operating board starts asking, "Firm X is there—why aren't we there?" Or "What's our strategy to enter that market?" They get very, very competitive.

We have received urgent calls from clients seeking to enter Africa, Latin America, and countries outside of China in the Asia-Pacific. Many of those markets are evolving very, very quickly. And it's not just the traditional U.S. or European buyout-capital deals that are being employed in these locations. In many cases, growth capital is used to build these businesses out. In many parts of the world, the traditional senior bank lending market just doesn't exist. They don't have access to a local bank, bond market, or capital market to fund growth. They're literally relying on family, friends, and other resources.

So the opportunity for private equity is to use growth capital to join the foundation of these entities. It is an opportunity to make nice returns from the exit. It's also an opportunity to help these emerging societies advance in some way. Private equity can make money and at the same time deliver socially responsible components to these countries.